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Editorial: Tax breaks require strong accountability

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As West Virginia becomes more aggressive in offering incentives for economic development, it might want to step back a little to review whether it has received all it bargained for in the past.

A report out this month suggests that the state could do a better job of tracking whether the companies that have received tax subsidies in the past have fulfilled the promises they made in order to receive those benefits.

The study was done by Good Jobs First, a Washington-based national policy resource center that promotes corporate and government accountability in economic development, and the West Virginia Center on Budget & Policy, a policy research organization in Charleston.

The report gave West Virginia -- as well as Ohio and Kentucky -- grades of C-minus for the way they monitor, verify, enforce and disclose the terms of tax breaks to businesses that promise to create jobs. It ranked 29th among the states.

The groups examined five West Virginia subsidy programs: The Economic Opportunity Tax Credit, the Film Industry Investment Act, the Governor's Guaranteed Work Force Program, the Manufacturing Investment Tax Credit, and the Strategic Research & Development Tax Credit. All but the Economic Opportunity Tax Credit program were judged to have weak enforcement standards.

The question of tax breaks for business is much in the public eye now after Gov. Earl Ray Tomblin proposed a 25-year tax break for any company that will invest at least $2 billion to build a plant that would "crack" or convert ethane, a byproduct of Marcellus natural gas wells, into the chemical compound ethylene.

West Virginia officials should be sure that they either have -- or put into practice -- adequate safeguards ensuring that the state and benefiting businesses both adhere to the terms of any tax-incentive deals.